

## A STUDY OF THE REGIONAL DISTRIBUTION OF UNEMPLOYMENT IN POLAND'S ECONOMIC TRANSITION

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From the outbreak of unemployment in Poland in 1990, through the long recession and current macroeconomic revival, the regional pattern of unemployment remained remarkably unchanged. The thesis takes a micro-econometric approach to the issue, using the Polish Labour Force Survey, 1994-'97. It is found that persistence in regional patterns of unemployment is determined mainly by continuously higher flows of workers from employment to unemployment, rather than by lower flows out of unemployment in high unemployment regions. Thus, it would be wrong to think of high unemployment regions simply as pockets of especially long duration unemployment. Moreover, the rate of inflow from employment to unemployment is significantly correlated with the degree of structural change.

The econometric analysis concentrates on the outflows from employment to unemployment. The estimates are based on survival models with flexible baseline hazard. The first important finding is, controlling for personal and environmental characteristics, there are significant differences in the probability of flowing into unemployment from a job for prime-aged workers (aged 25 through 44) in high and low unemployment regions. This age-effect is predominant over any other effect if one decomposes the mean and coefficient differences.

When the focus is on prime-aged workers, structural change, as driven by the restructuring and privatisation process of state owned firms in the manufacturing sector, becomes apparent. Especially strong is the difference in the probability of flowing into unemployment in industries with a high intensity of labour, independent of the level of physical and human capital, detected applying the Neven taxonomy. These industries provide their employees with particularly secure jobs in low, but not in high unemployment regions. This result is consistent with that of occupations with different skills. The semi-skilled workers, manual and non-manual, have a much lower probability of job loss than that of skilled workers in low unemployment regions. Education attainment provides a better defence against unemployment in high unemployment regions. Other individual-specific factors, such as gender and marital status, show no regional differences.

Furthermore, a development in the method of analysing the effects of structural change on unemployment is proposed. How much of the inflow gap and, ultimately, the unemployment gap between the top and bottom groups of voivodships is due to economic structural change? In the case of Poland, the analysis suggests an upper bound of about three-quarters.

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